

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 EA-06 NEA-10 IO-10 ISO-00 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 FEAE-00 OMB-01 AF-06 /130 W

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R 151000Z JUL 75

FM USMISSION GENEVA

TO SECSTATE WASHDC 4615

INFO AMEMBASSY BELGRADE

AMEMBASSY BRASILIA

AMEMBASSY CANBERRA

AMEMBASSY MEXICO

AMEMBASSY TEL AVIV

AMEMBASSY WELLINGTON

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: GATT, ETRD

SUBJECT: GATT COUNCIL JULY 11

REF: (A) GENEVA 5128; (B) GENEVA 5034

BEGIN SUMMARY. GATT COUNCIL APPROVED CONSULTATIVE GROUP OF 18, SET UP WPS ON LOME CONVENTION AND EC-ISRAEL AGREEMENT, DISCUSSED EC MEAT RESTRICTIONS AND AUSTRALIAN IMPORT MEASURES, AND REFERRED YUGOSLAVIA'S IMPORT RESTRICTIONS TO BOP COMMITTEE. ACTION REQUIRED ON ITEM 8 BELOW. END SUMMARY.

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FOLLOWING IS SUMMARY OF GATT COUNCIL ACTIONS TAKEN JULY 11:

1. OBSERVER STATUS FOR MEXICO. AS ANTICIPATED GENEVA 5403, COUNCIL APPROVED OBSERVER STATUS FOR MEXICO IN COUNCIL MEETINGS. ALAO APPROVED OBSERVER STATUS IN GATT WORKING PARTIES.

2. CONSULTATIVE GROUP OF 18. APPROVED BY COUNCIL. SEPTTEL.

3. EC ACCESSION WORKING PARTY (ART. 24:5(A)). KITHARA MADE REPORT AND PERSONAL STATEMENT AS ANTICIPATED IN GENEVA 4553 AND STATE 152441. MALAYSIA SAID IT UNFORTUNATE THEY COULDN'T REACH 24:6 AGREEMENT WITH EC BUT HAD NO PROBLEM WITH FINAL 24:5(A) REPORT. CANADA SHARED KITAHARA'S CONCERN OVER FAILURE OF 24:5(A) EXERCISE AND SUPPORTED IDEA OF EVENTUAL REVISION OF ART. 24; SAID CPS MAY EVENTUALLY WISH DRAW UP SOME GUIDELINES. ARGENTINA REGRETTED 24:3(A) EXERCISE ONLY ADDRESSED TARIFFS AND NOT OTHER FACTORS, ASKED EC OF 9 TO BEAR IN MIND TRADITIONAL TRADE PATTERNS AND LDC INTERESTS. EC SAID ARTS. 12, 19 AND OTHERS AS WELL AS ART. 24 NEED LOOKING AT; FORMAL PROPOSALS ONLY SHOULD BE CONSIDERED (I.E., NOT INFORMAL GUIDELINES SUGGESTED BY CANADA). COUNCIL ADOPTED REPORT.

4. BUDGET COMMITTEE. COMMITTEE FORMED WITH STANDARD TERMS OF REFERENCE. U.S. IS MEMBER. GATES OF AUSTRALIA IS CHAIRMAN.

5. YUGOSLAVIA'S IMPORT RESTRICTIONS. YUGOSLAVIA SAID IN FIRST FIVE MONTHS 1975 EXPORTS UP 7.7 PERCENT WHILE IMPORTS UP 49 PERCENT, THIS NECESSITATED TIGHTENED QUOTAS AND SURCHARGE. HOWEVER, IMPORT DEPOSITS ABOLISHED. AUSTRALIA REGRETTED NEW YUGOSLAV ACTIONS AND SAID SOME AUSTRALIAN PRODUCTS AFFECTED. U.S., PER STATE 157113, REGRETTED NEED FOR RESTRICTIONS, NOTED DANGERS OF PROLIFERATION, AND HOPED BOP COMMITTEE COULD EXAMINE THIS FALL. COUNCIL REFERRED TO BOP COMMITTEE FOR EXAMINATION "AT EARLIEST POSSIBLE TIME"; BOP CHAIRMAN TO CONSULT WITH IMF AND YUGOSLAV DEL. (SEE ALSO NEXT LIMITED OFFICIAL USE

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ITEM BELOW.)

5. EC BEEF RESTRICTIONS. AUSTRALIA SAID AFTER THREE ROUNDS OF ART. XXII CONSULTATIONS, EC RESPONSE STILL UNSATISFACTORY BECAUSE EXPORT MARKETS CONTINUE DISRUPTED, THERE NO SIGNIFICANT PROSPECT FOR RE-OPENING EC MARKET, AND STIMULUS OF CONSUMPTION HASN'T REACHED IMPORTS. SAID GATT-BOUND QUOTA ALLOCATIONS STILL NOT ADEQUATELY

EXPLAINED BY EC, EX-IM SCHEME REGULATED SO AS TO OBSTRUCT IMPORTS. NOTED THAT PRECISE GATT ARTICLE PERMITTING EC RESTRICTIONS HAS NEVER BEEN CITED AND SAID THIS HAS IMPORTANT CONSEQUENCES FOR GATT. ARGENTINA, HUNGARY, URUGUAY, ROMANIA, POLAND MADE SIMILAR APPEALS. YUGOSLAVIA SAID THEY LOSING CONFIDENCE IN LEGALITY OF GATT AND NOTED PART OF OWN BOP PLIGHT CAUSED BY EC BEEF RESTRICTIONS. YUGOSLAVIA SAID IF EC CAN'T CITE GATT JUSTIFICATION, THEY ENTITLED TO RETALIATE. EC SAID WORLD MARKET FOR MEAT CHARACTERIZED BY IMBALANCE, GATT QUOTA ALWAYS MADE FULL USE OF, BEEF NOT BOUND OUTSIDE QUOTA, EC MARKET STILL SUFFERING FROM LOW PRICES, EC PREPARED CONTINUE CONSULTATIONS.

6. NEW ZEALAND-AUSTRALIA FREE TRADE AREA. NEW ZEALAND, AUSTRALIA READ MANY STATISTICS AND FACTS ALREADY CONTAINED IN L/4192, ADMITTED RECESSION HAS HURT PROGRESS OF NAFTA. U.S. MADE STATEMENT REGRETTING SLOW PROGRESS, PER STATE 161141. ARGENTINA SUPPORTED CONCEPT OF NAFTA. COUNCIL TOOK NOTE OF REPORT.

7. LOME CONVENTION. WORKING PARTY FORMED. SEPTEL.

8. EC-ISRAEL AGREEMENT. COUNCIL FORMED WORKING PARTY WITHOUT DISCUSSION. STANDARD TERMS OF REFERENCE, MEMBERSHIP OPEN TO ALL INTERESTED PARTIES, U.S. IS MEMBER. CHAIRMAN IS BIER OF BRAZIL. ACTION REQUIRED: QUESTIONS ARE DUE TO GATT SECRETARIAT BY SEPTEMBER 30.

9. AUSTRALIAN IMPORT MEASURES. EC EXPRESSED CONCERN OVER MULTIPLICATION OF AUSTRALIAN IMPORT RESTRICTIONS AND SAID BILATERAL CONSULTATIONS LEAVE IMPRESSION AUSTRALIA ALREADY THINKING OF EXTENDING MEASURES OR LIMITED OFFICIAL USE

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MAKING THEM PERMANENT. EC INVITED AUSTRALIA TO BE MORE FLEXIBLE IN FUTURE, RESERVED RIGHT TO REVERT TO SUBJECT IN FUTURE COUNCILS. JAPAN, SPAIN SAID SIMILAR THINGS. AUSTRALIA REPEATED STANDARD DEFENSE, SAID THEY LESS RESTRICTIVE THAN EC IS ON BEEF. AUSTRALIA ASKED THAT FUTURE COUNCIL DISCUSSIONS BE DROPPED UNLESS THERE ARE NEW RESTRICTIONS. U.S. THEN SAID AUSTRALIA HAD ANNOUNCED TARIFF QUOTAS ON A WIDE SELECTION OF TEXTILES (CANBERRA 3701) THREE DAYS AFTER LAST COUNCIL; NOTED THERE WERE NEW RESTRICTIONS.

10. DATES OF 31ST CONTRACTING PARTIES' SESSION. U.S. NOTED RECENT SESSIONS HAVE BEEN SHORT, SUGGESTED SECRETARIAT PLAN ON 3-DAY SESSION DURING PROPOSED WEEK 24-28 NOVEMBER WITH POSSIBILITY OF GOING LONGER IF NEED

SHOULD ARISE. COUNCIL NOTED U.S. STATEMENT, APPROVED
24-28 NOVEMBER SESSION.

11. BRAZIL -- INCREASE IN BOUND DUTIES. UNDER OTHER
BUSINESS, BRAZIL DREW ATTENTION TO RECENT ACTION (GENEVA
5012) AND OFFERED CONSULT BILATERALLY WITH ANY INTERESTED
CP. SAID ACTIONS TAKEN IN SPIRIT OF GATT PART IV, ART. 36.
U.S. SAID SINCE IMPAIRMENT ALREADY IN EFFECT, WAIVER
WOULD BE NORMAL COURSE. EC AGREED WITH U.S., ADDED
THAT DUE TO BAD EXPERIENCE IN LAST ART. 28 WITH BRAZIL
THERE WAS NEED TO NEGOTIATE RAPIDLY. BRAZIL SAID THEY
NOT PREPARED SEEK WAIVER AT THIS MOMENT, SAID THERE NEED
FOR SPECIAL TREATMENT, PRINCIPLE OF NO RECIPROCITY
WASN'T INCLUDED IN PREVIOUS RENEGOTIATIONS. BRAZIL
ASKED TO DEFER ITEM UNTIL NEXT COUNCIL IN ORDER PREPARE
WAIVER APPROACH. COUNCIL AGREED TO DEFER ITEM UNTIL
FALL SESSION. ABRAMS

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